

## ECONOMIC DEVELOPMENT AUTHORITY[261]

### Notice of Intended Action

**Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”**

**Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.**

Pursuant to the authority of Iowa Code section 15.106A and of 2014 Iowa Acts, House File 2460, section 19, subsection 6, the Economic Development Authority hereby gives Notice of Intended Action to adopt new Chapter 12, “Apprenticeship Training Program,” Iowa Administrative Code.

In 2014 Iowa Acts, House File 2460, the General Assembly authorized the Economic Development Authority to establish a program to provide financial assistance in the form of training grants to eligible registered apprenticeship training programs and provided for annual funding of up to \$3 million to the Authority for purposes of providing such assistance. The legislation directs the Authority to adopt rules for the implementation of the program. The rules proposed herein establish a program to provide financial assistance to apprenticeship training programs and describe the manner in which the Authority will implement and administer the program.

The Economic Development Authority Board approved this amendment on September 19, 2014, at the Board’s monthly meeting.

Any interested person may make written suggestions or comments on this proposed amendment on or before November 18, 2014. Paper materials with suggestions and comments may be directed to Timothy J. Whipple, Legal Counsel, 200 East Grand Avenue, Des Moines, Iowa 50309. Electronic submissions may be sent to [tim.whipple@iowa.gov](mailto:tim.whipple@iowa.gov).

After analysis and review, the Authority finds that this rule making would have a positive impact on jobs. The rules outline the process for expanding apprenticeship training programs in the state. Apprenticeship training is a proven method of on-the-job training that will help Iowa prepare for a globally competitive job market by upskilling Iowa workers in fields ranging from construction to information technology. The Iowa Department of Workforce Development has published wage information demonstrating that, in general, apprenticeship training programs result in better-paying jobs than other methods of training for the same occupation.

These rules are intended to implement 2014 Iowa Acts, House File 2460.

The following amendment is proposed.

Adopt the following new 261—Chapter 12:

### CHAPTER 12 APPRENTICESHIP TRAINING PROGRAM

**261—12.1(15,84GA,HF2460) Authority.** The authority for adopting rules establishing an apprenticeship training program is provided in 2014 Iowa Acts, House File 2460, section 19, [Iowa Code section 15B.3(6)] and in Iowa Code section 15.106A.

**261—12.2(15,84GA,HF2460) Purpose.** The purpose of the apprenticeship training program is to assist eligible apprenticeship programs by providing financial assistance in the form of training grants.

**261—12.3(15,84GA,HF2460) Definitions.**

“*Apprentice*” means a person who is at least 16 years of age, except where a higher minimum age is required by law, who is employed in an apprenticeable occupation, and is registered in Iowa with the U.S. Department of Labor, Office of Apprenticeship.

*“Apprenticeable occupation”* means an occupation approved for apprenticeship by the U.S. Department of Labor, Office of Apprenticeship.

*“Apprenticeship program”* means a program registered with the U.S. Department of Labor, Office of Apprenticeship, which includes terms and conditions for the qualification, recruitment, selection, employment, and training of apprentices, including the requirement for a written apprenticeship agreement.

*“Apprenticeship sponsor”* means an entity operating an apprenticeship program or an entity in whose name an apprenticeship program is being operated, which is registered with or approved by the U.S. Department of Labor, Office of Apprenticeship.

*“Authority”* means the economic development authority created in Iowa Code section 15.105.

*“Financial assistance”* means assistance provided only from the funds, rights, and assets legally available to the authority and includes but is not limited to assistance in the forms of grants, loans, forgivable loans, and royalty payments.

*“Fund”* means the apprenticeship training program fund created in 2014 Iowa Acts, House File 2460, section 19 [Iowa Code section 15B.3].

*“Lead apprenticeship sponsor”* means a trade organization, labor organization, employer association, or other incorporated entity representing a group of apprenticeship sponsors.

*“Program”* means the apprenticeship training program established pursuant to this chapter.

*“Total instructional hours”* means the total instructional hours reported by an apprenticeship sponsor or lead apprenticeship sponsor. “Total instructional hours” does not mean the minimum federal standard for instructional hours.

*“Training year”* means the most recent calendar year.

**261—12.4(15,84GA,HF2460) Annual appropriations—amount of assistance available—standard contract—use of funds.**

**12.4(1)** The authority will provide financial assistance under the program from moneys appropriated for purposes of the program pursuant to Iowa Code section 15.342A as amended by 2014 Iowa Acts, House File 2460, section 13, and 2014 Iowa Acts, House File 2460, section 3.

**12.4(2)** The total amount of assistance available for a fiscal year will be the amount authorized by law as described in subrule 12.4(1) less an amount equal to 2 percent of the moneys in the fund appropriated to the authority for administrative purposes.

**12.4(3)** The authority will disburse funds to an apprenticeship sponsor or lead apprenticeship sponsor only after approval of a completed application and execution of a contract between the apprenticeship sponsor or lead sponsor and the authority. The authority shall have sole discretion in determining whether an applicant has provided all necessary information as required under this chapter. The authority will prepare a standard contract for the program to be executed by each eligible applicant. Each executed contract will provide for an amount of financial assistance in the form of a training grant as determined pursuant to rule 261—12.6(15,84GA,HF2460). All changes or amendments to the standard contract shall be at the authority’s sole discretion. All such changes shall be consistent with the requirements of 2014 Iowa Acts, House File 2460, sections 17 to 21, [Iowa Code chapter 15B] and of this chapter. The authority will notify apprenticeship sponsors and lead apprenticeship sponsors by the end of a calendar year of any standard contract changes for the upcoming application period.

**12.4(4)** Financial assistance received by an apprenticeship sponsor or lead apprenticeship sponsor under this rule shall be used only for the cost of conducting and maintaining an apprenticeship program. The authority may require an apprenticeship sponsor or lead apprenticeship sponsor to provide any information reasonably necessary to verify the use of program funds.

**261—12.5(15,84GA,HF2460) Eligibility for assistance.** An eligible apprenticeship sponsor or lead apprenticeship sponsor may apply to the authority for assistance under the program. To be eligible, an applicant must meet all of the following requirements:

**12.5(1)** The applicant is an apprenticeship sponsor, or a lead apprenticeship sponsor, that is conducting an apprenticeship program registered with the U.S. Department of Labor, Office of Apprenticeship, through Iowa, for apprentices who will be employed at Iowa worksites.

**12.5(2)** The applicant provides all of the following information to the authority:

- a.* The federal apprentice registration number of each apprentice in the apprenticeship program.
- b.* The address and a description of the physical location where in-person training is conducted.
- c.* A certification of the apprenticeship sponsor's training standards as most recently approved by the U.S. Department of Labor, Office of Apprenticeship, or, in the case of a lead apprenticeship sponsor, a representative sample of participating members' training standards.
- d.* A certification of the apprenticeship sponsor's compliance review or quality assessment as most recently conducted by the U.S. Department of Labor, Office of Apprenticeship, unless the apprenticeship sponsor has not been subjected to a compliance review or quality assessment. In the case of a lead apprenticeship sponsor, a sampling of compliance reviews or quality assessments from participating members will be sufficient.
- e.* Any other information the authority reasonably determines is necessary.

**12.5(3)** The applicant shall apply on or before February 1 of each year in which funding is available. The application submitted by the applicant should reflect program information from the prior training year. Because all applications to the program must be received in order to determine the amount of financial assistance available under rule 261—12.6(15,84GA,HF2460), the authority will not accept applications on a continuous basis.

**261—12.6(15,84GA,HF2460) Determination of financial assistance grants.** The authority will provide financial assistance in the form of training grants to apprenticeship sponsors or lead apprenticeship sponsors. The maximum amount of financial assistance provided to an eligible apprenticeship sponsor or lead apprenticeship sponsor will be calculated in the following manner:

**12.6(1)** By determining the total amount of funding allocated for purposes of training grants for apprenticeship programs as described in rule 261—12.4(15,84GA,HF2460).

**12.6(2)** By adding together all of the following:

- a.* The total number of apprentices trained by all applying apprenticeship sponsors or lead apprenticeship sponsors during the most recent training year as calculated on the last day of the training year.
- b.* The total number of contact hours that apprenticeship instructors for all applying apprenticeship sponsors or lead apprenticeship sponsors spent in contact with apprentices during the most recent training year. For purposes of this paragraph, "contact hours" includes the time spent instructing apprentices in person or, in the case of a lead apprenticeship sponsor with programs totaling 100 or more total instructional hours, "contact hours" includes the time spent in online training if the total amount of online instruction does not account for more than 30 percent of the total instructional hours.

**12.6(3)** By adding together all of the following:

- a.* The total number of apprentices trained by a single applying apprenticeship sponsor or lead apprenticeship sponsor during the most recent training year as calculated on the last day of the training year.
- b.* The total number of contact hours that apprenticeship instructors for a single applying apprenticeship sponsor or lead apprenticeship sponsor spent in contact with apprentices during the most recent training year. For purposes of this paragraph, "contact hours" includes the time spent instructing apprentices in person or, in the case of a lead apprenticeship sponsor with programs totaling 100 or more total instructional hours, "contact hours" includes the time spent in online training if the total amount of online instruction does not account for more than 30 percent of the total instructional hours.

**12.6(4)** By determining the proportion, stated as a percentage, that a single applying apprenticeship sponsor's or lead apprenticeship sponsor's total calculated pursuant to subrule 12.6(3) bears to all applying apprenticeship sponsors' or lead apprenticeship sponsors' total calculated pursuant to subrule 12.6(2).

**12.6(5)** By multiplying the percentage calculated in subrule 12.6(4) by the amount determined in subrule 12.6(1).

**261—12.7(15,84GA,HF2460) Application submittal and review process.**

**12.7(1)** The authority will develop a standardized application and make the application available to applicants. To apply for assistance under the program, an applicant shall submit an application to the authority. Applications may be sent to the Economic Development Authority, 200 East Grand Avenue, Des Moines, Iowa 50309. Required forms and instructions are available by contacting the authority at that address or from the authority's Internet site at [www.iowaeconomicdevelopment.com](http://www.iowaeconomicdevelopment.com).

**12.7(2)** The director shall have final funding authority on applications for financial assistance under this program. Applications will be reviewed and processed for eligibility by the staff of the authority. The director of the authority will approve, defer or deny applications consistent with the requirements of this chapter.

**261—12.8(15,84GA,HF2460) Notice and reporting.**

**12.8(1)** *Notice of award.* Program applicants will be notified in writing of the funding decision, including any conditions and terms of the approval as may be required under the program.

**12.8(2)** *Reporting.* An applicant receiving assistance under the program shall submit any information reasonably requested by the authority in sufficient detail to permit the authority to prepare any reports required by the authority, the board, the general assembly or the governor's office.

These rules are intended to implement 2014 Iowa Acts, House File 2460.